

MARKETING MANAGEMENT

UNIT-3 PART-IV

5) Direct Selling

Direct selling is when customer and seller have direct contact with each other away from the store. Direct selling is also referred to as home selling. The total volume of direct selling has been growing in India since the beginning of the 21st century.

Direct selling is not only popular in India but it is also utilized in many other countries. In Japan, approximately 35% of total selling is done by direct selling and in the United States of America, this number is 30%. There are two types of direct selling such as door to door and Party Plan.

There are a thousand big direct selling companies. Companies like Creative Memories, Amway, and Excel Communications are a few popular companies which make their business through direct selling.

These companies market various types of products through direct selling. Direct selling is the best-suited way to sell products which require extensive demonstration.

Features of direct selling:

1. The whole business is controlled centrally.
2. There is no building to display products.
3. The seller needs to establish a relationship with the customers to gain their trust.
4. Direct selling does not require heavy initial investments.

Advantages of direct selling:

1. Customers can contact salesperson personally and can buy the product from the comfort of their home or at the non-store location.
2. Customers can ask for a demonstration of how a product works before making investments to buy it.
3. No expenses of maintaining or renting a building, stocking inventory, or hiring accountants and sales person to handle customers.

Disadvantages of Direct Selling:

1. Even if there is a high sales commission on selling but this a salesperson will only get paid when he makes any sales.
2. There are chances that your salesperson turns out to be fraudulent.

6) Telemarketing

Telemarketing is also known as telephone selling. In telemarketing, a salesperson initiates a sale over the phone to a prospect and close it over the phone only. It consists of cold canvassing

from a phone directory. There are various products such as magazine subscriptions, [pest](#) control devices, club memberships, and credit cards which can be sold without seeing are usually sold over the phone. There are several problems associated with telemarketing also.

Telemarketing people sometimes encounter with hostile people on the telephone and receive many more rejections than close deals. Therefore, many sales person don't last even for a week in this job and some telemarketers opt for unethical or questionable ways to somehow get a deal closed, for example, some firms call people at any time no matter day or night.

This method of selling is sometimes criticized for violating consumers' right to privacy. Some states have put strict rules to limit the activities of telemarketers. Despite these limits, the sales over telephones have increased tremendously in the past few decades.

There are some people who like the convenience of shopping over the phone really appreciate telemarketing even though it is loathed by many people. The cost of selling through telephone has reduced drastically after the introduction of computers, as computers can dial automatically, deliver recorded messages, and even record information provided by the buyer.

The future of telemarketing clearly depends on the way the above-mentioned problems will be handled.

7) Online Retailing

Online retailing is when a firm offers products on their website and people and organizations from this company. In this way, both entities engage in the online transaction also known as internet marketing or electronic transactions.

In online marketing, there are one or more businesses involved and the buyer is an ultimate [consumer](#). The number of online retail firms are rapidly increasing such as Pets Mart, Busy.com, CDNow.com, Amazon.com, etc. Some online retailers launch general products form retailers such as Wal-Mart and Target.

On the other hand, there are some firms like "Amazon" which uses different methods broaden their business. it takes some investments to set up online operations. Online retailers use attractive [advertising](#) to attract shoppers and retain them. sometimes, online marketing proves to be expensive and unprofitable because of the offers and discount offered by online marketers.

Even with these challenges online marketing has a bright future and is expected to grow in the foreseeable future. according to a survey in 2005, people like to buy products like music, videos, books, apparel, computer hardware and software, and travel, etc. but at present time, many more categories such as toys, groceries, health aids, beauty products, pet supplies, and auto parts.

8) Automatic Vending

A sale is made without the slightest contact between a seller and a buyer through automatic vending. The idea behind selling through automatic vending is to provide convenient purchase. Products from well-known brands and those have great turn-over are usually sold through automatic vending machines.

Most of the selling from automatic vending comes from "4 Cs": Coffee, Cold Drinks, Cigarettes, and candies. A vending machine is an appropriate way to expand business by

reaching customers to such locations where there are no stores nearby or when they can't come to a store.

The vending machines are installed in places like schools, colleges, workplaces, public facilities, etc. However, it is expensive to operate vending machines as they are required to replenish frequently.

In addition to replenishment cost, there are other costs of repairs and maintenance. The above-mentioned difficulties could be a reason for less scope of vending machines in the future. Moreover, frequent vending-related scams scare entrepreneurs spending in this retail format. However, various innovations are made to make vending machine business more lucrative for customers such as purchase using debit cards.

The amount of purchase is deducted from the cardholder's card. Technological advancement made it easy to monitor vending machines from distance and reducing the chances of out-of-stock, out-of-order, and theft incidences.

9) Direct Marketing

Direct marketing consists of all Non-store retail formats except telemarketing, direct selling, online retailing, and automatic vending. Direct marketing is a way of contacting customers through broadcasting or print media.

The products are advertised on these media and customers buy products online without even going to retail stores. The different platforms to contact customers through direct selling are Television, radio, magazines, newspapers, mailing, and catalogues, etc.

Direct marketing can be of two types such as general merchandise firms which offers various types of products and other is specialty firms which offers one of two lines of products for example Beauty and books.

This format of retailing includes

1. **Catalog Retailing** – Catalogs are mailed to consumers or made provided to them in retail stores.
2. **Direct Mail** – Samples products, brochures, and mail letters are sent to consumers and ask them to make a purchase through telephone or email.
3. **Tele-shopping** – Various lines of products are sold on different television channels where people can learn about the features of the products and can place orders over the phone instantly.

Direct marketing also offers shopping convenience to consumers and it is also less expensive than owning a physical store as a seller don't have to run store to sell. Often liberal return policies are given to consumers like the product without touching and seeing the product physically.

This can be a drawback for the seller as many people take advantage of this policy. Moreover, it is expensive to prepare catalogues and they are required to be prepared a long time ago before sending to the customers.

Therefore, additional supplement brochures or catalogues are required when new products are launched. The future of direct marketing is not sure on the basis of the present customer's preferences.

10) Franchising

In this retail format, a businessman who owns the business (known as a franchise) and a company who offers business (known as franchiser). A businessman can use the name of already well-established business's name to run their business under a certain condition set up franchiser.

The conditions vary from business to business however, a franchiser decides certain areas like site selection, location, training, management, marketing, financing, promotions, and record-keeping, etc. in addition to this, he also has rights to decide standard operating procedures and trade name of the business. A franchisee has to agree to follow conditions set by the franchiser.

Different benefits of franchising:

1. Conserve capital.
2. Low marketing costs.
3. Easy to establish a distribution system to a short period of time.
4. Cost of fixed expenses cut down substantially.

Franchising business exists for various products like automobiles and parts, soft drinks, dry cleaning, and business services, etc.

A Franchisee is required to do the following things before investing in any kind of franchising business.

Role of Franchise

1. Do a reference check with a financial institution.
2. Invest sufficient time and take measured risks.
3. make enough enquires regarding the product such as its quality, exclusiveness, appeal, effectiveness, and competitiveness to get repeated business.
4. Secure enough capital to buy a franchise because it is usually expensive.
5. Bear in mind that you will be supervised and you will be required to take orders to run your business in a particular way.
6. Take consultation from experienced for legal matters.